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To whom it may concern,

I am writing this email to respond with commits to the proposed changes amending regulation Z. I am from the state of Alabama where we currently have over 400 brokers licensed through the state banking department. We estimate there are an additional 200 that are exempt currently from being licensed in the state of Alabama due to being licensed through HUD. During these times, we continue to see new regulations and legislation coming from every where. The state of Alabama is no different and currently has a bill in the house that would implement the first Mortgage law in Alabama. While I see the need for many changes in our industry, one must admit that the market has limited a lot of the previous bad practices that have the mortgage market where it is. Harder underwriting guidelines, reduction of products, credit score adjustments to conforming loans, fewer lenders in the market place, increased awareness of underwriters, more questioning of appraisals, etc. have greatly reduced the mortgage credit markets. I completely support increased regulations and legislation that protects consumers, but not legislations that makes brokers extinct. The success of brokers in the past can be directly related to offering more products to consumers than banks would. Consumers will be more at risk, not less at risk if brokers are eliminated and banks are allowed to demand what ever they want from for home mortgages. Bank's greed are exactly what gave birth to the mortgage broker industry and increased competition.

The proposed rules regarding yield spread are unfair to brokers. If the FED finds that consumers need to be made aware of the wholesale price of funds, why not require banks to disclose this also? The current revised GFE will confuse more consumers than it helps. It opens the door for more consumers to be fooled, because the disclosure that is intended to "clarify" the process will be so confusing that many consumers will sign it without understanding it. As far as yield spread premium disclosure, they are already disclosed on the GFE and the HUD, unlike banks. The broker industry is all for making more clear disclosures to allow consumers to shop for the best deal. How can it be in a consumers best interest to get different disclosures from different groups? Banks think this a great idea because it will allow them to charge higher rates, while saying they are charging less than brokers. The truth is most small banks and credit unions in Alabama are actually brokers. Sure they may hold the loan for 3 or 4 days, but then it is sold to an investor, and when it is sold they make a profit in the form of a service release premium which they would not be obligated to disclose up front. Some of the banks are not even funding the loans in their name. The bottom line is that banks got out done by brokers, thus we represent about 65% of the mortgages originated. The banks said if you can not beat them, join them and started being brokers themselves.

These changes steer consumers to banks under the false pretense that they are getting the best deal there. Not only is that not fair to brokers (mostly small businesses) but it is unfair to consumers and will not solve the problems at hand. The good faith estimate is just that...an estimate. It is impossible to know to the exact dollar amount of closing costs in advance. A number of brokers actually disclose higher closing costs that what are actually charged at closing, how many banks can say that?

I would like to thank the Board of the Governors of the Federal Reserve for considering these comments. I hope they will look at the big picture rather than what the banks are telling them and the crazy hail storm the media has created by casting brokers, not everyone involved, under the bus as the sole reason for the so-called mortgage meltdown.

Thank you,

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